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Funding and Expanding Child Care Scholarship Will Make Child Care Affordable for More Maryland Working Families

Position Statement in support of House Bill 495

Submitted to the House Ways and Means Committee

Child care is critically important for Maryland's families. It enables parents to pursue their careers knowing that their children are in good hands. Yet high costs put child care out of reach for many Marylanders – and this barrier is more prevalent for some than others. **The Maryland Center on Economic Policy supports House Bill 495 because it will ultimately ensure that recent gains made in the Child Care Scholarship Program are codified and make child care affordable for more working families.**

As of fall 2020, center-based child care for one child 2-5 years of age cost more than \$13,000 per year on average, more than in-state tuition at any University System of Maryland institution. It was all the more costly for parents of infants and 1-year-olds at nearly \$18,000 per child.ⁱ High-quality child care is most out of reach for parents in low-wage jobs. In Maryland, one in seven employed mothers of young children worked in a low-wage occupations.ⁱⁱ Structural barriers like pay discrimination put child care even further out of reach for Black, Latinx, and Indigenous parents.ⁱⁱⁱ The Child Care Scholarship (CCS) Program provides financial assistance for child care costs to eligible working families. Expanding the CCS will ensure that more families have access to quality and affordable child care.

The Child Care Scholarship (CSS) enables parents to enter and remain in the workforce by subsidizing the high cost of child care. It gives parents and children access to licensed early education programs. This means that parents are able to work in order to provide for the families while at the same ensuring that their children are receiving the care and learning they need at a critical time in childhood development.

Prior to 2018, Maryland had one of the worst child care subsidy programs in the country. That year saw the beginning of several major improvements in Maryland's CCS program, including legislation mandating that scholarship rates rise from 9th percentile of the market to at least the 60th percentile, and a regulatory expansion of family income eligibility from approximately \$35,000 to \$72,000 for a family of four. In July 2022, the state made further improvements to the CCS. Scholarship rates were increased to the 70th percentile of the market, income eligibility was expanded to just over \$90,000 for a family of four, and parental copayments were eliminated for many families and drastically reduced for all others.

Both state and federal funds have enabled these dramatic improvements, with the latest round of enhancements, which took effect on July 1st 2022, utilizing American Rescue Plan Act (ARPA) funds. Under federal rules, ARPA funds must be obligated by the end of calendar year 2024 and spent by the end of 2026.

HB 495 will make the latest enhancements permanent and not subject to the expiration of ARPA funds, which guarantees access to CCS for all families who meet the eligibility criteria. Individuals participating in programs such as the federal Special Supplemental Food Program for Women, Infants, and Children, Supplemental Nutrition Assistance Program, Housing Choice Voucher Program, Supplemental Security Income, and Temporary Cash Assistance will not be required to copay for child care. Although there is currently no CCS wait list, enrollment freezes have been imposed at different times over the past two decades as a means of cutting costs. Under the bill, the Maryland State Department of Education would not be able to unilaterally impose an enrollment freeze. In the event of dire fiscal circumstances, the Governor and the General Assembly would retain the ability to take necessary action. All of this would ensure that most families who need child care are able to afford and access assistance.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Ways and Means Committee make a favorable report on House Bill 495.

Equity Impact Analysis: House Bill 495

Bill summary

HB 495 codifies gains made in the state's Child Care Scholarship Program (CCS), limits the circumstances under which the Program may be frozen, and guarantees access to all families eligible for CCS.

Background

Maryland had one of the worst child care subsidy programs in the country. That changed in 2018 with the beginning of several major improvements in Maryland's CCS, including legislation mandating that eligibility expand and scholarship rates increase to include more families.

Equity Implications

While the high cost of child care is a burden even for relatively well-off families, the burden is greatest for parents in low-wage paying jobs:

- In Maryland, one in seven employed mothers of very young children worked in a low-wage occupation.
- Because of pay discrimination and other structural barriers, Black, Latinx, and American Indian parents are more likely to take home low wages that put child care out of reach.

Insufficient access to child care places an especially high burden on women, who in most families still carry a greater share of child care responsibilities than men:

- 57% of working mothers with children under 12 reported difficulty handling child care as of October 2020, compared to 47% of fathers.
- Working mothers are also more likely than working fathers (including remote and in-person workers) to

report cutting their work hours, having their dedication to work questioned, or even missing out on a promotion because of child care responsibilities.

Impact

House Bill 495 would likely **improve racial, gender, and economic equity** in Maryland.

ⁱ “Maryland Family Network Public Policy Handbook 2021–2022,” Maryland Family Network, 2021, <https://www.marylandfamilynetwork.org/sites/default/files/2021-09/Public%20Policy%20Handbook%202021-22%20rev.pdf> with calculations by MDCEP; University System of Maryland FY 2021 tuition data from Maryland FY 2022 budget books. Tuition data for University of Maryland–Baltimore are not reported.

ⁱⁱ “NWLC Resource: Mothers of Very Young Children in Low-Wage Occupations,” National Women’s Law Center, 2017, <https://nwlc.org/resources/interactive-map-mothers-very-young-children-low-wage-occupations/>

ⁱⁱⁱ Christopher Meyer, “Budgeting for Opportunity: Maryland’s Workforce Development Policy Can Be a Tool to Remove Barriers and Expand Opportunity,” Maryland Center on Economic Policy, 2021, <http://www.mdeconomy.org/budgeting-for-opportunity-workforce/>